

ELIGIBILITY FOR INSTITUTIONAL PARTICIPATION IN THE CAL GRANT PROGRAM

The people of the State of California do enact as follows:

SECTION 1. (a) The California Postsecondary Commission, in cooperation with the Student Aid Commission, shall conduct an assessment of eligibility criteria for institutional participation in the Cal Grant awards program pursuant to Article 3 (commencing with Section 69530) of Chapter 2 of Part 4 of the Education Code. The assessment shall include, but not be limited to, an identification of alternatives to the current criteria set forth in Section 69536 of the Education Code that will permit participation by California postsecondary institutions or programs that have full institutional accreditation.

CALIFORNIA POSTSECONDARY
EDUCATION COMMISSION



Summary

In Senate Bill 362 (Carpenter, 1985), the Legislature directed the Commission to report by July 1, 1986, on alternatives to current eligibility criteria for college and university participation in the Cal Grant awards program. The Legislature also asked the Commission to identify alternatives that would permit the use of these awards by undergraduates enrolled either in nonaccredited State-approved institutions or in law schools accredited by the California Committee of Bar Examiners.

Part One of this resulting report provides background information on pages 3-7 about the Cal Grant program and about existing criteria for determining institutions eligible to participate. Part Two considers alternative eligibility criteria for State-accredited law schools (page 9) and for State-approved, degree-granting colleges and universities (pages 9-12). Part Three on pages 13-14 presents five conclusions about alternative criteria and a recommendation against any statutory changes at the present time in the current criteria.

The Commission adopted this report on June 9, 1986, on the recommendation of its Policy Development Committee. Additional copies of the report may be obtained from the Publications Office of the Commission. Further information about the report may be obtained from Suzanne Ness, the public information officer of the Commission, at (916) 322-0145.

Eligibility for Institutional Participation in the Cal Grant Program

California Postsecondary Education Commission Report 86-21

ONE of a series of reports published by the Commission as part of its planning and coordinating responsibilities. Additional copies may be obtained without charge from the Publications Office, California Postsecondary Education Commission, Third Floor, 1020 Twelfth Street, Sacramento, California 95814, telephone (916) 445-7933

Other recent reports of the Commission include

86-4 Expanding Educational Equity in California's Schools and Colleges. Recommendations of the Intersegmental Policy Task Force on Assembly Concurrent Resolution 83 (March 1986)

86-5 Background for Expanding Educational Equity. A Technical Supplement to the Report of the Intersegmental Policy Task Force on Assembly Concurrent Resolution 83, *Expanding Educational Equity in California's Schools and Colleges* (March 1986)

86-6 Director's Report, March 1986. Overview of the 1986-87 Governor's Budget for Postsecondary Education in California (March 1986)

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86-15 Student Financial Aid in California. The First of Two Background Papers on Student Financial Aid Issues and Options Prepared for the California Postsecondary Education Commission, May 1986 (May 1986)

86-16 Purposes and Effects of Student Financial Aid. The Second of Two Background Papers on Student Financial Aids Issues and Options Prepared for the California Postsecondary Education Commission, May 1986 (May 1986)

86-17 Director's Report, May 1986. Enrollment Trends in California Higher Education, 1980-1985 (May 1986)

86-18 Director's Report, June 1986. The Master Plan After Twenty-Five Years (June 1986)

86-19 Analysis of the State University's Criteria for Approving Permanent Upper-Division and Graduate Off-Campus Centers. A Report to the Governor and Legislature in Response to Senate Bills 785, 1060, and 1103 (1985) (June 1986)

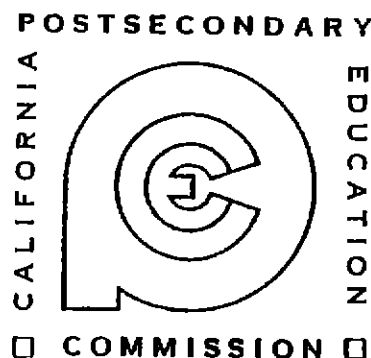
86-20 Annual Report on Program Review Activities 1984-85. The Tenth in a Series of Reports to the Legislature and Governor on Program Review by Commission Staff and California's Public Colleges and Universities (June 1986)

86-22 Transforming Data into Information. Improving Student Performance Reporting. A Staff Report to the California Postsecondary Education Commission (June 1986)

ELIGIBILITY FOR INSTITUTIONAL PARTICIPATION IN THE CAL GRANT PROGRAM

*A Report to the Legislature and Governor
in Response to Senate Bill 362
(Chapter 6772, Statutes of 1985)*

CALIFORNIA POSTSECONDARY EDUCATION COMMISSION
Third Floor • 1020 Twelfth Street • Sacramento, California 95814





COMMISSION REPORT 86-21
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Preface

Purpose of the report

Senate Bill 362 (Carpenter, Chapter 772, Statutes of 1985) which is reproduced in Appendix A), directs the California Postsecondary Education Commission, in cooperation with the Student Aid Commission, to assess the eligibility criteria for institutional participation in the Cal Grant awards program, and to

1 Identify alternatives to these criteria that would permit the use of these awards by undergraduates enrolled in nonaccredited, State-approved postsecondary institutions,

2 Identify alternatives to these criteria that would permit the use of these awards by students enrolled in law schools accredited by the Committee of Bar Examiners of the State Bar of California, and

3 Analyze "the potential costs and other demands that could result to the Cal Grant awards program from the implementation of the alternative eligibility criteria "

SB 362 stated legislative intent that students not rely exclusively upon Cal Grant awards for financial assistance, and that the assessment be submitted to the Legislature no later than July 1, 1986. With this report, the Commission responds to that directive

Methods of the study

To assist with the study, the Commission convened a technical advisory committee with the following members

Victor Bertolani, Acting President
Consortium of State Accredited Law Schools

W. Eric Collins, Dean
San Francisco Law School

Sumner Gambee, Associate Dean
Educational Support Services
The California State University

William H. Gaylor, Jr., Chairman
Council for Private Postsecondary
Educational Institutions
President, William Lyon University

John A. Gorfinkel, Consultant
Committee of Bar Examiners
of the State Bar of California

Kate M. Jeffrey, Assistant Director
Student Financial Aid and Loans
University of California

J. William May, Consultant
Private Postsecondary Education Division
California State Department of Education

Jan Murray, Director of Student Financial Aid
Dominican College of San Rafael

Peter D. Prentiss, Program Manager
Cal Grant A Program
California Student Aid Commission

Alvin Ross, Executive Secretary
California Association of State Approved
Colleges and Universities
President, Ryokan College

Daniel Rubalcava, Director
Financial Assistance
Rancho Santiago College, Santa Ana

Lucy Sands-Berger, The Chancellory
California Community Colleges

Andrew Smolich, Dean
Lincoln Law School of Sacramento

With the assistance of members of the committee, Commission staff developed the survey instrument reproduced in Appendix B regarding enrollment in California's State-approved institutions. Data on enrollment of students who have not yet obtained a bachelor's degree in law schools accredited by the Committee of Bar Examiners were provided by that Committee, which also supplied tuition and fee information on these schools.

The Commission acknowledges with thanks the assistance of the technical advisory committee, the Committee of Bar Examiners, and the respondents from State-approved institutions in the completion of this report.

1 *Background on Institutional Eligibility*

CALIFORNIA'S Cal Grant program, by which the California Student Aid Commission awards funds to postsecondary students in three separate categories -- Cal Grants A, B, and C -- is the State's largest student financial aid activity (Descriptive information about the three parts of the program appears in Display 1 below)

Any California postsecondary institution enrolling undergraduates is eligible to participate in the Cal Grant program if (1) it participates in at least two of the federal government's three campus-based student aid programs, and (2) its students participate in the federal Basic Educational Opportunity (Pell) Grant Program The Legislature adopted this policy

in 1980 in order to maximize financial aid resources for students by requiring that institutions participate in the full range of federal assistance programs, with State student aid funds used to supplement, rather than supplant, federal funds

One implication of this policy, however, is that California, like such other states as Florida, New Jersey, New York, Ohio, Pennsylvania, and Texas, has therefore adopted the federal eligibility requirement that institutions either be accredited or candidates for accreditation by a nationally recognized accrediting agency or have their credits accepted on transfer by at least three accredited institutions -- rather than using State recognition to determine eligibility

DISPLAY 1 *Scope of the Three Parts of the Cal Grant Program, 1980-81 Through 1984-85*

Purpose and Student Eligibility	Academic Year	Number of Applicants	Freshmen Recipients	Applicants as a Percent of High School Graduates	New Freshmen Recipients as a Percent of High School Graduates	Average Award
Cal Grant A						
Assist low and middle income undergraduates with tuition and fee costs Student eligibility criteria for this program include financial need and high grade-point average	1980-81	69,027	9,119	24.5%	3.2%	\$1,617
	1981-82	92,180	8,588	34.0	3.2	1,637
	1982-83	87,236	8,506	31.6	3.1	1,546
	1983-84	90,998	7,908	33.3	2.9	1,556
	1984-85	94,569	9,885	35.1	3.7	1,726
Cal Grant B						
Assist disadvantaged students who have a potential for college success and community leadership Student eligibility criteria for this program include level of parental education, family size, and other indicators of student potential	1980-81	41,437	6,995	16.9	1.431	
	1981-82	58,064	6,825	11.7	1.381	
	1982-83	56,029	6,825	12.2	1.342	
	1983-84	56,082	6,825	13.5	1.379	
	1984-85	55,448	7,500	12.2	1.422	
Cal Grant C						
Provide skilled workers for critical occupations by supplying occupational educational aid to needy and talented students	1980-81	14,934	1,374	9.2	1.418	
	1981-82	19,916	1,337	6.7	1.163	
	1982-83	20,140	1,337	6.6	1.327	
	1983-84	21,972	1,337	6.1	1.269	
	1984-85	22,390	1,420	6.3	1.393	

Source: Governor's Budgets

State licensure of degree-granting institutions

In California, accreditation is only one of several means that the State uses to recognize non-State-supported colleges and universities. The Private Postsecondary Education Act of 1977, as amended, which governs the licensure process in order to "encourage privately supported education and protect the integrity of degrees and diplomas conferred by privately supported as well as publicly supported educational institutions," grants independent and private institutions the authority to award academic degrees if they meet one of its four requirements:

1 *Accreditation* by a national accrediting association recognized by the United States Secretary of Education, by the Western Association of Schools

and Colleges, or by the California Committee of Bar Examiners,

2 *Approval* by the State Superintendent of Public Instruction,

3 *Authorization* by the Superintendent, based on compliance with specified standards, or

4 -- for schools of theology which award degrees primarily in religious study -- *authorization* by the Superintendent without an assessment of quality (Display 2 below presents summary information about these four classifications of recognition.)

Approval of nonaccredited institutions

Approved institutions are reviewed by the Private

DISPLAY 2 *Provisions for Degree-Granting Authority in California by Private Postsecondary Education Institutions as of January 1986*

Provision	Accreditation	Approval ¹	Authorization ²	Authorization for Schools of Theology
Agency Responsible for Oversight	1 A nationally recognized accrediting association, 2 Western Association of Schools and Colleges, 3 California Committee of Bar Examiners	California State Department of Education, for the Superintendent of Public Instruction	California State Department of Education, for the Superintendent of Public Instruction	California State Department of Education, for the Superintendent of Public Instruction
Type of Review	Institutional	Institutional	Institutional	Institutional
Components of the Review Process	Self study, peer evaluation, quality assessment through the use of standards developed by member institutions	Self study, peer evaluation, quality assessment through use of specified practices and standards	Compliance with specified standards in 12 areas, including curriculum, instruction and faculty. The review process is conducted by a three member visiting committee.	Verification of the truthfulness and accuracy of the institution's "full disclosure" statement, but no evaluation or quality assessment
Length of Time Recognition Granted by the Agency	Ten years	Three years	Five years	Three years
Number of Institutions Involved	177 institutions are currently accredited	70 institutions are currently approved	136 institutions are currently authorized	Two schools of theology are currently authorized

1 The new approval process was implemented in 1984, and prior to July 1, 1986, the Superintendent is expected to review all institutions under this provision.

2 The new authorization process was implemented in 1984, and prior to July 1, 1987, the Superintendent is expected to review all institutions operating under this provision.

Source Private Postsecondary Education Division, California State Department of Education

Postsecondary Education Division of the State Department of Education. The approval process includes an assessment of the institution's facilities, financial resources, administrative capabilities, faculty and other educational expertise and resources necessary for the degree programs. *Education Code* Section 94310(b) states that the Superintendent of Public Instruction shall determine that "the curriculum is consistent in quality with curricula offered by

appropriate established accredited institutions," and that "the course for which the degree is granted achieves its professed or claimed academic objective for higher education, with verifiable evidence of academic achievement comparable to that required of graduates of other recognized" accredited institutions.

The 70 institutions currently approved by the Superintendent are listed in Display 3. Approximately

DISPLAY 3 Approved Institutions as of January 1986

Full institutional approval

Academy of Art College, San Francisco²
 Academy of Arts and Humanities, Seaside
 The American Academy of Family Studies, Scotts Valley
 American Armenian International College, La Verne
 Bay City College of Dental Medical Assistants, San Francisco
 California American University, Escondido
 California Christian College, Fresno
 California Christian Institute, Orange
 California Coast University, Santa Ana
 California Graduate Institute, West Los Angeles
 California Graduate School of Marital and Family Therapy, San Rafael
 California Institute for Clinical Social Work, Berkeley
 California Institute of Transpersonal Psychology, Menlo Park
 California Missionary Baptist Institute and Seminary, Bellflower
 California Pacific University, San Diego
 Cambridge Graduate School of Psychology, Los Angeles
 Center for Psychological Studies, Albany
 Center Graduate College, Saratoga
 Charles R. Drew Postgraduate Medical School, Los Angeles³
 Cleveland Chiropractic College, Los Angeles
 Columbia College, Hollywood
 European University of America, San Francisco
 Glendale University College of Law, Glendale
 Graduate Center for Child Development and Psychotherapy, Bristol
 Human Relations Center, Inc., Santa Barbara
 Institute for Advanced Study of Human Sexuality, San Francisco
 Institute for Creation Research, El Cajon
 International School of Theology, San Bernardino
 Koh-E-Nor University, Inc., Santa Monica
 Laurence University, Santa Barbara
 Lincoln University, San Francisco
 Melodyland School of Theology, Anaheim
 Music and Arts Institute, San Francisco
 The National Hispanic University, Oakland
 National Technical School, Los Angeles
 National University, San Diego¹
 New College for Advanced Christian Studies, Berkeley³
 New School of Architecture
 Newport University, Newport Beach
 Oakland College of Dental Medical Assistants, Oakland
 Pacific Coast Baptist Bible College

Pacific Graduate School of Psychology, Menlo Park²
 Pasadena College of Chiropractic, Pico Rivera
 The Professional School of Psychological Studies, San Diego
 The Professional School of Psychology, San Francisco
 Rosebridge Institute, Walnut Creek
 Ryokan College, Los Angeles
 The Simon Greenleaf School of Law, Orange³
 Southern California Psychoanalytic Institute, Beverly Hills
 Sysorex Institute, Cupertino
 University Associates Graduate School of Human Resource Development, San Diego
 Walden University, Inc., West Covina
 Western Graduate School of Psychology, Palo Alto
 Western Institute for Social Research, Berkeley
 Western Sierra Law School, San Diego
 William Lyon University, San Diego
 Wright Institute, Los Angeles, Los Angeles
 Yeshiva University of Los Angeles, Los Angeles

Candidates for full institutional approval

Anaheim Christian College, Anaheim
 California Graduate School of Theology, Glendale
 Columbia Pacific University, San Rafael
 Humphreys College, Stockton²
 International College, Los Angeles
 Linda Vista Baptist Bible College and Seminary, El Cajon
 Magna Carta University School of Law, South San Francisco
 Pacific States University, Los Angeles
 Sierra University, A University without Walls, Santa Monica
 University for Humanistic Studies, The, Del Mar
 William Carey International University, Pasadena
 World University of America, Ojai

- 1 Accredited by the Western Association of Schools and Colleges (WASC)
- 2 Candidate for WASC accreditation
- 3 Eligible for WASC application for candidacy, as determined by WASC

Source: California Postsecondary Education Commission staff analysis

80 percent of them offer graduate degrees, and approximately 60 percent offer doctoral degrees. About half of them are single-purpose institutions, offering degrees only in one area, such as theater, theology, or transpersonal psychology. An additional quarter offer multiple degree levels in a single general area of study, and the remaining quarter offer several degrees in a variety of subject areas.

Accreditation of law schools

Law schools in California may be categorized into three types: those accredited by the American Bar Association (16 institutions), those accredited solely by the Committee of Bar Examiners for the State of California (18), and nonaccredited law schools (16). Law schools that are either provisionally or fully accredited by the American Bar Association are automatically accepted as fully accredited by the Committee of Bar Examiners. Consequently, 34 of the schools are technically accredited by that Commit-

tee. These 34 are listed in Display 4 below, which identifies those with additional accreditation from either the American Bar Association (ABA) or the Western Association of Schools and Colleges (WASC). Only eight State-accredited law schools do not have a second institutional accreditation from either the ABA or WASC, and one of them -- San Joaquin College of Law -- has recently achieved eligibility status with the Accrediting Commission for Senior Colleges and Universities of WASC.

This report concerns the eight law schools that are accredited solely by the Committee of Bar Examiners. To achieve this accreditation, a law school must "establish that its paramount objective is to provide a sound legal education and that it is accomplishing that objective." Institutions are expected to comply with eleven standards, including provisions for an adequate library and physical plant, a sound educational program and admission policy, and a competent administrative head and faculty. The standards also include the statement that "pre-

DISPLAY 4 Law Schools Accredited by the California Committee of Bar Examiners as of January 1986

California Western School of Law, San Diego³
 Empire College School of Law, Santa Rosa¹
 Glendale College of Law, Glendale¹
 Golden Gate University School of Law, San Francisco³
 Humphreys College of Law, Stockton²
 John F. Kennedy University School of Law²
 Lincoln Law School of Sacramento, Sacramento¹
 Loyola Law School, Los Angeles¹
 Monterey College of Law, Monterey
 National University School of Law, San Diego²
 New College of California School of Law, San Francisco²
 Northrop University School of Law, Inglewood²
 Pepperdine University School of Law, Malibu³
 San Fernando Valley College of Law, Sepulveda²
 University of San Francisco School of Law, San Francisco³
 San Francisco Law School, San Francisco¹
 San Joaquin College of Law, Fresno¹
 Santa Barbara College of Law, Santa Barbara¹
 Southwestern University School of Law, Los Angeles³
 Stanford Law School, Stanford³
 University of California Hastings College of Law, San Francisco³
 University of California School of Law, Berkeley³
 University of California School of Law, Davis³

University of California School of Law, Los Angeles³
 University of La Verne College of Law, La Verne,²
 University of San Diego School of Law, San Diego³
 University of Santa Clara School of Law, Santa Clara³
 University of Southern California Law Center, Los Angeles³
 University of the Pacific McGeorge School of Law, Sacramento³
 Ventura College of Law, Ventura¹
 University of West Los Angeles School of Law, Los Angeles²
 Western State University College of Law of Orange County,
 Fullerton²
 Western State University College of Law of San Diego, San Diego²
 Whittier College School of Law, Los Angeles³

1 Accredited solely by the Committee of Bar Examiners

2 Accredited by both the Committee of Bar Examiners and the Western Association of Schools and Colleges

3 Accredited by both the Committee of Bar Examiners and the American Bar Association

Source: California Postsecondary Education Commission staff analysis

ferably, the school shall not be operated as a commercial enterprise or for private profit. In no event shall a school permit profit considerations to dictate the quality of education the school provides." (Standard A, Section 182)

Origins of Senate Bill 362

The basic issue raised by SB 362 that called for this report is the appropriateness of current State policy to determine institutional eligibility for participation in State-funded student assistance programs by adopting existing federal criteria for institutional eligibility. Any inequities in the federal criteria have therefore become inequities in the State criteria, and since federal policies limit participation primarily to accredited institutions, State funds are also limited in a similar manner.

This policy issue was discussed by the Student Financial Aid Policy Study Group in its report to the California Legislature in 1980. From 1975 to 1980, students attending nonaccredited, State-approved institutions were eligible for Cal Grant awards, although the institutions, and therefore their students, were ineligible for participation in the federal student assistance programs. The Study Group concluded that "where institutions participate in Cal Grants but do not participate in the full range of federal programs, State funds supplant available federal aid, students receive limited financial services and limited financial aid packages" (p. 83). Accordingly, the Study Group recommended changing State eligibility criteria so that only institutions that participate in the federal Basic Grant, Supplemental Grant, and at least one of the "self-help" programs (College Work/Study or National Direct Student Loan) would be eligible to participate in the State's program.

In response to the suggestion that the State continue to allow participation by State-approved institutions, the Study Group rejected it, stating

(1) the new approval process has not been in place long enough to be proven an acceptable alternative to accreditation, (2) administration of the approval process is dependent upon

funding available to administer veteran's certification, which may not be a steady source of revenue, and (3) our concerns for increased student service, funding availability, and maximum utilization of federal funds outweigh the problems associated with accreditation" (p. 83).

The Postsecondary Education Commission also considered this issue in its 1984 report, *Public Policy, Accreditation, and State Approval in California*. The Commission concluded that the State policy of relying on accreditation to determine institutional eligibility for participation in State-funded student assistance programs has resulted in the anomaly that some institutions that meet the highest existing State standards for licensure to award degrees cannot benefit from these programs because they have not applied for or have been denied recognition by nongovernmental accrediting associations.

The Commission suggested that the State should continue to utilize accreditation as one indicator of institutional quality, but not include accreditation as a mandatory condition for participation in State-funded aid programs. The Commission therefore recommended that the Student Aid Commission examine "the State criteria utilized to determine institutional eligibility for participation in State-funded undergraduate and graduate student assistance programs," with the examination to "consider the impact of modifying the criteria so that institutions qualitatively reviewed and approved by nongovernmental accrediting associations or having institutional-wide programmatic approval from the State oversight agency are eligible for participation in the State programs if they meet all other State requirements" (p. 55).

SB 362 implemented this Commission recommendation, while also (1) directing the Commission to identify alternative criteria to permit law schools accredited by the Committee of Bar Examiners to participate in the Cal Grant program, and (2) expressing legislative intent that the Committee of Bar Examiners seek approval from the federal Secretary of Education as a nationally recognized accrediting agency.

2

Alternative Eligibility Criteria

THE following analysis of alternative eligibility criteria for institutional participation in the Cal Grant program consists of two parts. The first considers alternative eligibility criteria for State-accredited law schools, while the second discusses alternative criteria for State-approved, degree-granting colleges and universities.

Alternative eligibility criteria for State-accredited law schools

As noted on page 6 above, only eight of the 34 law schools accredited by California's Committee of Bar Examiners do not also hold accreditation by either the Western Association of Schools and Colleges (WASC) or the American Bar Association. The Committee of Bar Examiners advises that approximately 30 percent of the students admitted each year to these eight schools are admitted prior to earning a bachelor's degree, and that none of the eight has any law program other than a part-time evening offering.

Students attending these eight schools are ineligible for the State's Graduate Fellowships or Cal Grants for two reasons:

1. Students receiving a Graduate Fellowship must be engaged in full-time graduate study. Each of the eight law schools offers only a part-time program.
2. Cal Grant awards may only be used for undergraduate study. Law school programs are considered graduate or professional programs, and all students enrolled in these programs share the same curriculum and status, regardless of whether or not they have earned their bachelor's degree prior to admission.*

* State law specifically limits institutional eligibility for the Graduate Fellowship program to institutions accredited by the Western Association of Schools and Colleges (WASC), the California Committee of Bar Examiners, the American Osteopathic Association, and the National Architectural Accrediting Board. In practice, the Student Aid Commission has also included institutions which are candidates for WASC accreditation.

These two reasons exist independent of the institution's accredited status, and are a reflection of State rather than federal policy. Moreover, student ineligibility is not a result of the institutional eligibility criteria utilized for the Cal Grant program, as suggested in Senate Bill 362. Therefore, the Commission proposes no alternative criteria for these schools.

(SB 362 directed the Committee of Bar Examiners "to report to the Legislature no later than June 1, 1986, regarding its efforts to attain approval by the federal Secretary of Education as a nationally recognized accrediting agency or association," and the Commission offers no opinion about the relevance of this legislative mandate in terms of the Cal Grant program.)

Alternative eligibility criteria for State-approved institutions

The Commission and its technical advisory committee have considered a variety of alternatives regarding institutional criteria that might facilitate the participation of nonaccredited, State-approved institutions in the Cal Grant programs. In the following pages, the Commission discusses five alternatives in the context of maintaining the State's policy of utilizing State funds to supplement federal student financial aid funds and adhering to the requirement of Senate Bill 362, that the alternatives "recognize the intent of the Legislature that students not rely exclusively upon Cal Grant awards for financial assistance for educational purposes." The first three of these alternatives would require change in existing statute, while the latter two would not.

1. **Modify the institutional eligibility criteria of the Education Code so that State-approved institutions are eligible to participate in Cal Grant programs without the prerequisite of participating in federal student financial aid programs.**

This expansion of institutional eligibility would not

conform to California's stated purposes for its student financial aid programs because it is not consistent with the State's policies of maximizing the range and diversity of resources available to students, enhancing the effectiveness of State funds, and ensuring that State financial aid monies complement and not supplant federal student financial aid funds. Moreover, this alternative does not comply with the Legislature's intent, as stated in SB 362, "that students not rely exclusively upon Cal Grant awards for financial assistance for educational purposes."

Creating the opportunity for students to apply for and receive Cal Grants to assist in meeting the costs of attending a State-approved institution may expand students' access to and choice among a greater number and variety of institutions, but because these institutions do not participate in the federal financial aid programs, they generally have severely limited financial aid resources. Encouraging access and choice through the expanded use of Cal Grants at these nonaccredited institutions could potentially put their students in the position of having less rather than more access to total student financial aid resources.

In addition, permitting institutions that cannot participate in federal student financial aid programs to rely exclusively, or nearly exclusively, on Cal Grants could create increased demand on Cal Grant resources that are already insufficient to meet current demands, unless the number of Cal Grant awards and corresponding appropriations were increased accordingly.

Finally, permitting these institutions to participate in the Cal Grant programs without participating in federal programs would enable these institutions to gain the benefits of State funds without having to expend the institutional resources necessary to participate in the federal programs.

2. Modify the institutional eligibility criteria so that State-approved institutions are eligible to participate in Cal Grant programs when they have been determined by the Western Association of Schools and Colleges (WASC) to be eligible to apply for candidacy for accreditation.

In accordance with WASC procedures, an institution interested in seeking either candidacy or accreditation status must file a Report of Eligibility demonstrating the extent to which the institution meets

each of WASC's 14 eligibility criteria. After receiving this report, WASC establishes a Committee on Eligibility to review the report and visit the institution to determine "if the institution demonstrates substantial promise of meeting Commission standards for candidacy" (Accrediting Commission for Senior Colleges and Universities, Western Association of Schools and Colleges, *Handbook of Accreditation*, p. 5). If the Committee concludes that the institution does not meet the eligibility criteria, the institution has the opportunity to appeal the decision to the accrediting commission.

Three State-approved institutions have recently gained this WASC eligibility status -- Charles R. Drew Postgraduate Medical School (Los Angeles), New College for Advanced Christian Studies (Berkeley), and The Simon Greenleaf School of Law (Orange). The San Joaquin College of Law in Fresno, accredited by the Committee of Bar Examiners, also has eligibility status.

Alternative 2 would maintain the State's current financial aid policies and is consistent with legislative intent as expressed in SB 362. Because institutions that have been determined eligible by WASC to apply for candidacy for accreditation have, according to the WASC *Handbook*, a reasonable expectation of obtaining accreditation, it may be feasible to consider developing a process for them to become eligible to begin participation in the Cal Grant program prior to participating in the federal student financial aid programs. Continued participation, however, would be dependent upon (1) their achieving first candidacy and then full accreditation by WASC, (2) participation in two of the three federal campus-based aid programs, and (3) student participation in the Pell Grant Program. Additionally, a policy would be needed for resolving the issue of a student receiving a Cal Grant but being enrolled in an institution that does not progress in a timely fashion to candidacy and full accreditation.

An advantage of this approach is that it would provide both a financial incentive and financial assistance to institutions seeking the benefits of nongovernmental accreditation. A disadvantage of this approach is that it would increase State reliance upon the policies and practices of a nongovernmental agency in determining institutional eligibility to receive public funds. In addition, many approved institutions do not intend to apply for accreditation, and this approach might force them to do so.

3. Modify the institutional eligibility criteria so that State-approved institutions that provide a specified level of institutional financial aid to students would be eligible to participate in the Cal Grant programs.

The institutional matching program might have these requirements

- a The student financial aid resources provided by the institution might be in proportion to the present ratio of federal campus-based funds allocated to California to Cal Grant funds allocated by the State (that is, three-to-one)
- b The institution might be required to provide the student financial aid through several types of programs such as grants, scholarships, employment, loans, and tuition and fee waivers
- c The Student Aid Commission would be required to develop the detailed requirements for the matching program. In addition, it would be required to establish a management system, including staffing, for approving, verifying, and monitoring the institutional student financial aid program

This alternative is consistent with the State's goals of providing access to and choice among institutions for students with demonstrated financial need, and maximizing the range of resources and scope of financial aid services provided to students. It is also consistent with legislative intent expressed in SB 362, that students not rely exclusively upon Cal Grant awards for financial assistance for educational purposes. This alternative would correct the anomaly in current law that institutions which meet the highest existing State standards for licensure cannot benefit from the Cal Grant program because they are not members of a nongovernmental accrediting association. However, this proposal is contrary to existing State policy that State funds supplement rather than supplant federal funds. In addition, a major disadvantage would be the added cost to the Student Aid Commission to monitor the financial assistance operations of these institutions and to administer the Cal Grants received by students choosing to enroll in them. While the number of these awards would probably be limited, the monitoring and administrative costs per grant would be relatively high in comparison with the current costs for the grant program.

4. The California State Department of Education could initiate an effort to gain recognition from the U.S. Department of Education for the State's approval process as a viable procedure to identify educational institutions eligible to participate in the federal student financial assistance programs.

California has historically maintained a separate yet complementary relationship between the two processes of State licensure of institutions and nongovernmental accreditation of institutions. State licensure, such as approval and authorization in California, is a governmental regulatory activity by which the State grants institutions the authority to operate and award degrees and diplomas, and by which it determines that institutions have met minimum acceptable standards of educational quality and consumer protection. Accreditation adds the process of ongoing peer and professional review of institutional operations that an institution may utilize as a means of improving its effectiveness and quality by assessing its quality against standards mutually established by member institutions. During the past decade, California has enacted several statutory changes designed to strengthen the licensure process for private degree granting institutions. In 1984, legislation was enacted directing the approval process to provide assurance that institutions maintain curriculum and academic standards which are consistent in quality with curricula offered by established, accredited institutions.

Given these legislative efforts to strengthen the licensure process in California so that approved institutions meet higher standards, the State Department of Education could initiate efforts to inform federal officials about the process, and seek their recognition of State-approved institutions as eligible to participate in the federal student assistance programs. This recognition would place the State-approved institutions on an equal level with accredited institutions in gaining access to both federal and State financial assistance, and would not require a change in California policy or statute.

5. State-approved institutions can work with accredited institutions to become eligible through the "three letter" route.

Under federal regulations, nonaccredited institutions may be declared eligible to participate in the federally funded student assistance programs by the U S Department of Education, based upon its verification of the acceptance of at least three students and their academic credits by each of three accredited institutions

In the United States, each postsecondary institution is responsible for determining its own policies and practices with regard to the transfer of academic credit, but WASC-accredited institutions in California have adopted the guidelines prescribed in the "Joint Statement on Transfer and Award of Academic Credit," as adopted in 1978 by the American Council on Education, the American Association of Collegiate Registrars and Admissions Officers, and the Council on Postsecondary Accreditation This

statement does not preclude accredited institutions from accepting the credits of students transferring from nonaccredited institutions, but it urges accredited institutions to "take special steps to validate credits previously earned" because nonaccredited institutions "cannot provide a reliable, third-party assurance that they meet or exceed minimum standards" (Accrediting Commission for Senior Colleges and Universities, Western Association of Schools and Colleges, *Handbook of Accreditation*, p 141)

Implementing this fifth alternative would require nonaccredited institutions to take the leadership in developing cooperative relationships with accredited institutions, but it would provide a mechanism for them to become eligible for participation in federal student financial aid programs as well as the Cal Grant program

3

Conclusions and Recommendation

IN considering the five alternatives described in Part Two, the Commission offers the following general conclusions and recommendation

1. Many nonaccredited approved institutions observe academic calendars that involve starting dates scattered throughout the year, rather than at only two or three dates. The application deadline for the Cal Grant program is in February of each year for students beginning or continuing study the following fall. This application deadline is appropriate for students enrolling in many accredited institutions, but it would not be appropriate for many of the potentially eligible students seeking to enroll in approved institutions. Consequently, if the decision is made to change the institutional eligibility criteria to open the Cal Grant program to approved institutions, some revision would also be needed in the application process operated by the Student Aid Commission to facilitate the participation by students seeking to enroll in these institutions.

2. The current level of competition for the State's Cal Grant program is intense, with at least three eligible applicants turned away for each grant awarded. In addition, the number of applications for Cal Grants has increased 10 percent this year over last year. On the federal level, representatives of the California Student Aid Commission estimate that funding reductions required by the Gramm-Rudman balanced-budget amendment and the shortfall in the Pell Grant Program mean that California will likely lose \$30 million in federal financial aid in the 1986-87 academic year. Given these facts concerning both State and federally funded student assistance programs, any decision to expand the number of institutions eligible to participate in the Cal Grant program should be accompanied by an increase in the number of grants awarded and additional funding to support the new grants.

3. As discussed above on page 7, in 1980, when the Student Financial Aid Policy Study Group recommended against including approved institutions

within the group of those eligible to participate in the Cal Grant program, it offered three reasons: (1) the new approval process had not been in place long enough to prove an acceptable alternative to accreditation; (2) funding available to administer veteran's certification may not be a steady source of revenue; and (3) increased student service, funding availability, and maximum utilization of federal funds outweigh the problems associated with using accreditation as a criterion to determine institutional eligibility. At least the first two of these reasons still exist.

- In 1984, the State approval process was revised through legislation from a programmatic-review process to an institutional-review process, and the Superintendent of Public Instruction was given a three-year period in which to review all existing and new institutions seeking approval status. It is anticipated that all approved institutions currently operating in California will undergo this revised process prior to June 30, 1987.
- Funding for the operations of the Private Postsecondary Education Division of the State Department of Education, which has the responsibility for implementing the approval process, is provided from two sources: (1) the federal government, for the administration of veteran's certification, and (2) school licensure fees. The Department receives no State General Fund support for monitoring and licensing private postsecondary institutions. Uncertainties about the level of federal funding, which result from the Gramm-Rudman legislation, raise questions about the stability of this funding source.

If a decision is made to change the institutional eligibility criteria to open the Cal Grant program to approved institutions, consideration should also be given to State General Fund support for the operation of the Division, in order to assure an adequate resource base for its operations.

4. Whether the State-approval process is sufficiently rigorous to permit the licensure of only quality institutions is a question that should be answered.

before a decision is made to implement one of the alternatives described above. This issue is beyond the scope of this study. In the Commission's 1984 report, *Public Policy, Accreditation, and State Approval in California*, the Commission concluded that "the State should maintain a sufficiently thorough quality review and approval process for all independent and private institutions so that the public in general as well as other State agencies can rely upon this process in identifying institutions with worthwhile educational programs." (p. 50)

The Commission therefore recommended efforts to strengthen the approval process, specifically calling for the process to "continue to be programmatic approval, but it should be revised to stipulate that an institution cannot advertise itself as having State approval status until all of its degree programs have been qualitatively reviewed and approved by the State's oversight agency" (Recommendation 3, page 51).

Despite the Commission's recommendation, legislation was enacted following publication of the Commission's report to change the approval process from programmatic to institutional approval. Since the new process has not yet been either fully implemented or reviewed for its thoroughness, it is premature to judge whether the conclusions and recommendations made by the Commission in 1984 should be revised. An opportunity should be provided for the new approval process to be implemented fully and then reviewed for its thoroughness. Existing statute directs the Commission to review the State's procedures for licensing all private postsecondary institutions prior to September 1, 1989, and this issue will be considered as part of that study.

5 The absence of data regarding the numbers of undergraduate students enrolled in approved institutions has placed limitations on the ability to analyze the potential costs associated with changing the institutional eligibility criteria so that approved institutions could participate in the Cal Grant program. In an attempt to gather these data, Commission staff surveyed all approved institutions. Based

on a 50 percent response rate to this survey, 12 approved institutions that are currently ineligible to participate in the Cal Grant program enrolled a total of 454 undergraduates in programs that satisfy the course length requirements for State student financial assistance. Commission staff therefore made the assumption that a total of approximately 900 undergraduate students are enrolled in approved institutions in California. If all of these students applied for a Cal Grant, and were identified as eligible at the same rate as the 1985 Cal Grant A applicants -- of whom 73 percent were eligible for a grant -- 657 new eligible applicants will be added. If the new eligible applicants received awards at the same rate as eligible 1985 Cal Grant A applicants -- 26 percent of whom received awards -- 170 would receive Cal Grants. The cost of these grants, based upon an average award of \$3,100 (which represents the average tuition and fees at the 12 institutions that responded to the Commission's survey) would total \$527,000 for one year.

This cost estimate should be used with considerable caution, as it is based upon assumptions regarding both the total student applicant pool and their potential eligibility for Cal Grant awards. Moreover, if the approved institutions were eligible to participate in the Cal Grant program, it is not known how many additional students would choose to enroll in them.

Recommendation

Based upon the analysis and conclusions presented above, the Commission recommends no statutory changes at the present time to alter the institutional eligibility criteria for participation in the Cal Grant program. Alternative 5 provides an existing route for nonaccredited institutions to participate in the program, and that alternative, as well as Alternative 4, should be fully explored before consideration is given to the implementation of any of the other alternatives.

Senate Bill No. 362

CHAPTER 772

An act relating to education

[Approved by Governor September 18, 1985 Filed with
Secretary of State September 19, 1985]

LEGISLATIVE COUNSEL'S DIGEST

SB 362, Carpenter Cal Grant awards

Existing law authorizes the utilization of Cal Grant awards for tuition and student fees at any California postsecondary educational institution or program that participates in 2 of the 3 federal campus-based student aid programs and whose students participate in the Pell Grant Program

This bill would direct the California Postsecondary Commission, in cooperation with the Student Aid Commission, to report to the Legislature no later than July 1, 1986, regarding alternative criteria that would additionally permit the utilization of Cal Grant awards at specified private postsecondary institutions and accredited law schools, as specified

This bill would also require the Committee of Bar Examiners of the State Bar of California to report to the Legislature no later than June 1, 1986, regarding its efforts to attain approval by the federal Secretary of Education as a nationally recognized accrediting agency or association

The people of the State of California do enact as follows

SECTION 1 (a) The California Postsecondary Education Commission, in cooperation with the Student Aid Commission, shall conduct an assessment of eligibility criteria for institutional participation in the Cal Grant awards program described under Article 3 (commencing with Section 69530) of Chapter 2 of Part 42 of the Education Code. The assessment shall include, but need not be limited to, an identification of alternatives to the eligibility criteria set forth in Section 69536 of the Education Code that would permit participation by California postsecondary educational institutions or programs that have full institutional approval under subdivision (b) of Section 94310 of the Education Code, or that are law schools accredited by the Committee of Bar Examiners of the State Bar of California, and an analysis of the potential costs and other demands that could result to the Cal Grant awards program from the implementation of the alternative eligibility criteria. The assessment shall recognize the intent of the Legislature that students not rely exclusively upon Cal Grant awards for financial assistance for educational purposes, and shall be submitted by the California

Postsecondary Education Commission to the Legislature no later than July 1, 1986

(b) It is the intent of the Legislature that the Committee of Bar Examiners of the State Bar of California seek approval by the federal Secretary of Education as a nationally recognized accrediting agency or association. On or before June 1, 1986, the Committee of Bar Examiners shall report to the Legislature concerning its progress in this respect

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CALIFORNIA POSTSECONDARY EDUCATION COMMISSION

Study of Alternative Eligibility Criteria for the Participation of State Approved Institutions in Cal Grant Programs

Institution Name:

Institution Address:

Your Name:

Your Title:

Telephone number: ()

I. TOTAL ENROLLMENT

1. What was your full-time and half-time student enrollment for September 1985?

Undergraduate (B A or equivalent or less):

Full-time
(12 or more units)

Half-time
(6 to 11 9 units)

Graduate (M A , M S, Ph D , J D or equivalent):

Full-time

Half-time

II. UNDERGRADUATE ENROLLMENT

1. How many of your **undergraduate** students had established permanent residency in the State of California as of September 1985?

Full-time

Half-time

2. Do you provide any *institutional* student financial aid (that is, non-federal or non-state) to your **undergraduate** students? Yes. ☐ No: ☐

If "yes," please describe your aid briefly below or on an attached sheet. Indicate the type of institutional aid (such as fee waivers, discounts, loans, grants, or jobs), amounts of funds available and awarded, and number of **undergraduate** students receiving it.

(over, please)

- 3 Last September, how many of your **undergraduate** students were enrolled full-time or part-time in a program of study at least **two years** long?

Full-time
(12 or more units)

Part-time
(6 to 11 9 units)

(As you probably know, Cal Grant A funds are available to students who are enrolled full or part-time in such programs. Full-time students must take at least 12 units per semester or quarter and part-time students must take at least six.)

- 4 Last September, how many of your **undergraduate** students were enrolled full-time or part-time in a program at least **nine months** long? (This includes any in two year programs.)

Full-time

Part-time

(Cal Grant B funds are available to students in programs of at least nine months duration.)

5. Last September, how many of your **undergraduate** students were enrolled full-time or part-time in a **vocational** program of study from four months to two years long?

Full-time

Part-time

(Cal Grant C funds are available to students in vocational programs that are from four months to two years in length.)

- 6 Please indicate your tuition costs and other fees, as appropriate

Tuition: Quarter: \$ _____ Semester: \$ _____ Year \$ _____

Other Fees: (please explain)

\$ _____

\$ _____

\$ _____

7. Do you admit students throughout the year on an "open" or "rolling" basis, rather than only one to three times a year? Yes: ☐ No: ☐
8. Of those students admitted annually, approximately what percent start in September? _____ percent

If you have questions, please call Carol McKenzie at (916) 322-8013.

Otherwise, please return this completed questionnaire in the pre-addressed, stamped envelope no later than March 19.

Thank you very much.

References

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